# GOVERNMENT OF ANDHRA PRADESH
# ABSTRACT

ENERGY, INFRASTRUCTURE & INVESTMENT DEPARTMENT-Development of Wind Power in Andhra Pradesh–Andhra Pradesh Wind Power Policy-2018 – Orders – Issued.

ENERGY, INFRASTRUCTURE & INVESTMENT (PR.II) DEPARTMENT

G.O.MS.No. 2 Dated: 03-01-2019.

Read the following:

1. G.O.Ms.No.48, Energy (Res) Deptt., dated 11.04.2008.
2. G.O.Ms.No.99, Energy (Res) Deptt., dated 09.08.2008.
3. G.O.Ms.No.9, Energy,I&I( Pr.II) Deptt., dated.13.02.2015.
4. The VC&MD, NREDCAP, File No. NREDAP-14023/1/2018.
5. The GA( Cabinet ) Dept., U.O.Note.No.538/2018, dated:27.12.2018.

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**ORDER :**

In order to promote Wind power projects, the Government of Andhra Pradesh had issued "Andhra Pradesh Wind Power Policy–2015" in G.O.Ms.No.9 dated 13.02.2015 to promote wind power projects. Considering the good wind power potential existing in the State, the capacity addition achieved sofar, falling in Wind Power tariffs in recent times, etc., there is need to bring out New Wind Power Policy duly taking into consideration the recent developments in the wind power sector.

2. Government, after detailed discussions on the proposal received in reference 4th read above, with various stakeholders viz., APTRANSCO., APDISCOMs, NREDCAP Wind Power Developers and Associations, hereby issue the Wind Power Policy-2018 superseding the earlier Policy issued in G.O., 3rd read above, as mentioned below:

## ANDHRA PRADESH WIND POWER POLICY – 2018

**PREAMBLE**

India is amongst the largest wind power markets in the world. Wind power is already economical in comparison to conventional power sources and Andhra Pradesh has a huge wind power potential that is yet to be harnessed. The wind power potential in the combined state of Andhra Pradesh as estimated by the National Institute of Wind Energy (NIWE) formerly known as Centre for Wind Energy Technology (C-WET) is 44,229 MW at 100 meter level with maximum potential existing in the districts of Ananthapuramu, Kadapa, Kurnool, Chittoor and Nellore Districts.

The Government of Andhra Pradesh has earlier issued "Wind Power Policy", vide G.O.Ms.No.48 dated 11.04.2008 and G.O.Ms.No.99 dated 09.09.2008 and again issued "Andhra Pradesh Wind Power Policy – 2015" in G.O.Ms No.9 dated.13.02.2015 to promote wind power projects.. The Andhra Pradesh Wind Power Policy, 2015 which provided many fiscal incentives for large scale promotion of projects helped in aggressive capacity additions and thereby driving the cumulative installed capacity of wind power in the state to 3994.67 MW of wind power. This policy was particularly supported with fiscal incentives because the cost of power from wind was way higher than the average power purchase cost of the state during 2014-15. But seeing the current trend of falling wind power tariffs which is above Rs.3 per unit at present, it is felt necessary to revisit the clauses and come out with a new comprehensive policy for the promotion of wind power to meet the demand for power in an environmentally sustainable manner.

To meet the twin objectives of energy security and clean energy considerations, this policy aims to promote widespread usage of wind power and to meet the following objectives.

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**OBJECTIVES:**

1. To encourage, develop and promote wind power generation in the State with a view to meet the growing demand for power in an environmentally and economically sustainable manner.

2. To attract private investment to the State for the establishment of large wind power projects.

3. To promote investments for setting up manufacturing facilities in the State, which can generate gainful local employment.

**1. Operative Period**

The policy shall come into operation with effect from the date of issuance and shall remain applicable for a period of five (5) years and/ or shall remain in force till such time a new policy is issued.

Wind power projects that are commissioned during the operative period shall be eligible for the incentives declared under this policy, for a period of ten (10) years from the date of commissioning – unless the period is specifically mentioned for any incentive.

**2. Eligible Developers**

All registered companies, Joint Venture Companies, Central and State power generation/ distribution companies and public/private sector wind power developers will be eligible for setting up of wind power projects, either for the purpose of captive/group captive use and/or for selling of electricity to the utilities or third parties, in accordance with the Electricity Act-2003, as amended from time to time.

The entity desiring to set up wind power project(s), either for sale of power and/or for captive use/group captive use of power within or outside the State, shall inform the Nodal Agency as per the para (9) of this policy and also submit the DPR of the project with the details of technical and financial capabilities of the developer, based on which the Nodal agency will allocate the capacity for development.

Before allocating the capacity for development, the Nodal agency shall apprise whether the proposal is technically, financially and commercially feasible. Nodal agency shall also apprise whether proposer has the required technical, commercial, managerial and financial capability to execute the project. Nodal agency shall apprise the existing installed capacity, existing generating capacity, required installed capacity and generating capacity.

**3. Category of Wind Power Projects**

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| Category I | Projects set up in government/revenue lands or forest areas or I assigned lands and also in private lands selling power within the State or outside the State. |
| Category II | Projects set up for captive use or group captive use/3rd party sale within or outside the state. |
| Category III | Sale of power at average power purchase cost and availing Renewable Energy Certificate (REC) |

**Category I:** Projects set up in government / revenue lands or forest areas or assigned lands and also in private lands selling power within the State or outside the State.

Power generated from the wind power projects installed entirely or partly on government/ revenue land or forest areas shall be for sale within the State only to the extent power required within the State, the rest may be sold in the open market by the producer.

The Ministry of Power, GoI have notified guidelines for tariff based competitive bidding process for procurement of power from wind power projects. The extent of wind power required within the State shall be procured based on these guidelines. As per the communication vide D.O. Lr. No.8/7/2017-EFM, dt.12.01.2018, the MNRE has informed that the competitive bidding guidelines for wind power does not cover projects below 25 MW capacity for intra-state and accordingly the procurement of power from wind power projects having capacity less than 25 MW shall be at Feed in Tariff (FiT) determined by AP Electricity Regulatory Commission to the extent power required within the State.

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The Government of A.P. may consider proposals for allotment of revenue land if available - at the wind power potential areas on first come first serve basis- based on recommendation of NREDCAP, as per the provisions of New Land Allotment Policy announced by the Government vide G.O. Ms. No: 571, Dt: 14-09-2012 of Revenue (Assignment-I) Dept.

To facilitate faster execution of projects, the District Collector shall hand over advance possession of land including path ways to NREDCAP and the land shall be allotted on alienation basis to NREDCAP by fixing reasonable market value. After getting advance possession of the land, NREDCAP will allow the developer to start the construction duly taking necessary undertakings. NREDCAP shall enter into lease agreement with the developer once the project is commissioned.

NREDCAP will pay the land cost as decided to the revenue authorities @ 10% of the market value for a period of 10 years.

NREDCAP will collect the lease rentals for 25 years period @ 10% on the market value of the land with 10% increase in every 5 years block period, from the project developer from the date of commissioning of project and shall utilize for the payment to the Revenue authorities towards land cost and promotion of renewable energy and other new green and clean technologies in AP State.

In case of forest areas, the developers shall submit the application through the Nodal Agency to the forest department, to consider for allotment as per the guidelines/regulations laid down by the forest department from time to time.

If the wind farm is set up in private land then the Eligible Developer shall procure the land from the landholder on their own.

**Category II: Captive use or group captive use /direct sale to 3rd party sale within the State/States other than A.P. State**

The State will promote wind power producers to set up wind power projects with no cap on capacity for captive use/group captive or sale of power to 3rd party within the State/States other than Andhra Pradesh. These projects will also qualify for Renewable Energy Certificates (RECs) subject to applicable regulations/guidelines issued by the appropriate commission.

**Category III: Projects under Renewable Energy Certificate Mechanism**

The State will promote wind power producers to set up wind power projects with no cap on capacity for sale through Renewable Energy Certificate(REC) mechanism. The wind power producers will be required to apply for accreditation to the State Accreditation Agency and thereafter to Central Agency for registration and issuance of RE certificate under REC mechanism as per order/regulations of the appropriate commission. The power generated from these power projects shall be purchased by AP Discoms at pooled cost of power purchase as determined by APERC from time to time as required within the State and rest will be sold in open market by the producer.

**4 Capacity Allotment**

The wind power projects shall be allowed in the areas notified by MNRE or in the areas where wind monitoring studies have been undertaken by MNRE/NIWE/NREDCAP/ GoAP. In case wind resource assessment studies are proposed to be undertaken by the private developers, the capacity allotment will be considered only on submission of the wind data validation report of NIWE. The area applied for development of wind farm shall be clearly marked on a top sheet and Google Map with the proposed capacity to be developed in that area. NREDCAP shall be responsible for capacity allotment for upto 40 MW and to recommend capacity allotment beyond 40 MW to Government of AP.

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The Project Proponent shall have net worth of Rs. 2.00 crores for each MW capacity applied. In case of OEMs/ Project Developers who set up manufacturing units in AP State, the eligibility condition shall be having experience of 1 MW capacity project execution for each MW capacity applied. The application for wind power project capacity allotment shall be submitted to Nodal Agency along with non-refundable processing fee of Rs. 25,000/- per MW.

The proposal shall include Detailed Project Report(DPR) duly indicating the wind data of the sites where wind monitoring studies of minimum one year period is taken up by NIWE/NREDCAP or NIWE validation report in respect of other sites.

On allotment of the project, the project developer shall enter into an agreement with NREDCAP for timely completion of the project i.e. within 24 months from the date of signing of agreement. Non-refundable allotment fee of Rs.1.50 lakhs per MW shall be paid along with applicable taxes before signing of agreement.

For transfer of capacities from manufacturers / developers, the transfer of capacity will be made only after WTGs are erected and grid feasibility is received before commissioning of the machines by collecting a fee of Rs. 50,000/- per MW. However, the transfer fee is not applicable for transfer of capacity from parent company to its subsidiary/SPV provided 51% equity share holding is held by the applicant.

In case of transfer of capacities from one location to other location, a fee of Rs.50,000/- per MW shall be paid. In case of change of name of the company, a fee of Rs. 25,000/- for capacities upto 40 MW and Rs.1,00,000/- for capacities more than 40MW on lumpsum basis shall be levied.

Preference will be given to the companies which have set up manufacturing facilities in the AP State for WEG components in capacity allotment, Power Evacuation connectivity signing of PPA as per the regulations of the APERC and for wheeling of power and banking as per the prevailing policies of the APERC.

**5 Wind Resource Assessment studies in Private Sector**

The WRA Studies shall be carried out as per the guidelines communicated by the MNRE vide Circular No. 51/9/2007-WE dated 20.06.2008 and OM No.336/19,2017-Wind dated 8.05.2018. There will not be any exclusivity for the area where wind monitoring studies are carried out. However, the developer shall register the wind mast location duly indicating the geographical coordinates duly paying Rs. 2.00 lakh with applicable taxes for each wind mast. The developer shall have net worth of Rs.20 Crores for each mast applied.

As per the guidelines of the MNRE, the development of on-shore wind power projects issued vide F No. 66/183/ 2016-WE dt 22.10.2016, the Project Developer is required to ensure the availability of wind resource at the site based on the various parameters measured for the purpose. The project developer is also required to ensure the quality of the data captured at a particular site for the correct assessment of the wind resource potential, project viability and sustainability of the project over the designed life time of the project.

For allotment of wind power projects, the developer shall submit the wind data duly validated or published by the National Institute of Wind Energy (NIWE).

**6 Solar and Wind Hybrid Power Projects**

To enable better utilization of common infrastructure and related facilities, solar and wind hybrid power projects shall be encourage in the State. A separate Policy shall be announced for promotion of Wind-Solar Hybrid Power Projects.

**7 Repowering**

The wind power developers will be encouraged to install higher capacity and improved technology Wind Electric Generators (WEGs) by undertaking appropriate micro-siting studies in order to optimally utilize the available wind resource potential at the project sites.

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In respect of projects where lower capacity and lower hub height WEGs were installed and which have completed more than 15 years of life, proposals will be considered for replacing older turbines with higher capacity WEGs. In such cases, approval will be granted - subject to amendment of Power Purchase Agreement (PPA) with extension of time period for another 25 years.

The tariff for additional capacity arrived due to repowering of such projects shall be decided based on competitive bidding (or) shall be the lowest tariff discovered of the most recent competitive bidding process (or) sale to the distribution company (ies) at APPC under REC mechanism and avail RECs and shall be approved by the APERC.

**8 GoAP Incentives**

To enable wind power capacity addition in the State, following incentives shall be provided for Eligible Developers for those projects awarded during the operative period mentioned in the para one (1).

**a) Power Evacuation**

i. The Eligible Developer shall bear the entire cost of power evacuation facilities for interconnecting the wind farm with the grid.

ii. The Eligible Developer shall abide by the orders, rules, regulations and terms and conditions as approved by APERC from time to time for operation of wind farms, power evacuation, transmission and wheeling of energy.

iii. All electrical installations within wind farm site and upto pooling sub-station shall be as per the statutory requirements and shall be certified by the Chief Electrical Inspector General (CEIG) or any other statutory authority.

iv. AP Transco/Discom will dispose the proposals for the technical feasibility for evacuation within 14 days from the date of receipt of application. Any upstream system strengthening requirement shall be borne by APTransco/Discom on a priority basis.

**b) Transmission and Distribution charges for wheeling of power**

There will be no Transmission and Distribution charges only for wheeling of power generated from wind power projects to the nearest Central Transmission Utility(CTU) via State Transmission Utility (STU) network for inter- state wheeling of power subject to the consent of APERC.

**c) Energy Banking**

Banking of 100% of energy shall be permitted during all 12 months of the year, based on the feasibility and prior approval of APTRANSCO/APDISCOMs. Banking charges shall be adjusted in kind @ 5% of the energy delivered at the point of drawal. The banking year shall be from April to March. Priority will be accorded for Wind-Solar Hybrid projects for Banking and drawal facility.

Drawals from banked energy shall not be permitted during five (5) month period from 1st April to 30th June and 1st February to 31st March of each financial year. In addition, drawls of banked energy during the Time of the Day(ToD) applicable during the peak hours, as specified in the respective Retail Supply Tariff Order, shall also not be permitted throughout the year. However, the provisions on banking pertaining to drawal restrictions shall be reviewed based on the power supply position in the State.

Energy injected into the grid from date of synchronization to Commercial Operation Date(COD) will be considered as deemed energy banking. The unutilized banked energy shall be considered as deemed purchase by Discoms at 50% of the Average Pooled Power Purchase Cost as determined by the APERC for the applicable year. Energy settlement shall be done on monthly basis.

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The payment for the deemed purchase of un-utilized banked energy shall be capped to 10% of the total banked energy during the applicable year.

**d) Open Access**

Intra-state Open Access clearance for the whole tenure of the project or 25 years whichever is earlier will be granted as per the APERC Regulations amended from time to time. In absence of any response or intimation from the Nodal Agency to the generator within 21 days, then such application shall be considered to be deemed open access.

**e) Reactive Power charges**

25 paise per kVARh will be levied on wind energy generators, who draw reactive power up to 10% of the net active energy generated. Anyone drawing in excess of 10% of the net active energy generated will be liable to pay 50 paise per kVARh.

**f) Deemed Public Private Partnership (PPP) Status**

Deemed PPP status shall be provided for projects coming up under Category I and have entered into a PPA with APDiscom for sale of power.

**g) Non Agriculture Status**

Deemed Non-Agricultural (NA) status for the land where wind power projects will be accorded, on payment of applicable statutory fees.

**h) Deemed Industry Status**

Generation of electricity from wind power projects shall be treated as eligible industry under the schemes administered by the Industries Department and incentives available to industrial units under such schemes shall be available to the wind power producers, The services of single desk portal can be made available for obtaining time bound statutory clearances.

**i) Must run status**

Injection from wind power projects shall be considered to be deemed scheduled subject to prevailing regulations/grid code of appropriate commission.

**j) Pollution Clearance**

Wind power projects will be exempted from obtaining any NOC/Consent for establishment under pollution control laws from AP Pollution Control Board.

**9 Nodal Agency**

New and Renewable Energy Development Corporation of A.P. Ltd (NREDCAP) shall act as a Nodal Agency under this policy and as decided by the government from time to time.

The Nodal Agency and/or designated offices by the Nodal Agency shall be responsible for facilitating single window clearance of the projects for the following activities:

a) Registration of projects

b) Allotment of capacity of projects

c) Processing of proposals for allotment of revenue land or Forest land.

d) Arranging approval for power evacuation plan and open access.

e) Arranging other statutory clearances/approvals if any.

f)Co-ordination with MNRE/SECI/APTransco/APDiscoms and other central and state agencies.

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**10 Time Lines for Project Completion**

The Eligible Developers should enter into a project agreement along with the applicable fees and bank guarantees with the Nodal Agency within two (2) months from the date of sanction of the capacity allotment.

It is the sole responsibility of the project proponent to obtain the necessary permissions, land, grid connectivity etc., for timely completion of the project.

The developer shall also submit bank guarantee equivalent to Rs.2.00 lakhs per MW at the time of agreement. If the project is not implemented within 24 months, the project allotment stands cancelled.

After commissioning of the project, the project company shall maintain minimum 26% equity share- holding of the total equity, until completion of one year from the date of commissioning of the project. However, this will not applicable in case of Manufacturer developed projects.

In case of signing of PPAs based on competitive bidding, the terms and conditions of the bid document will be adhered to in respect of project completion, furnishing of PBG, penalties for delay in execution of the project etc.

**11 Manufacturing**

The Government intends to promote wind turbine manufacturing facilities that can contribute towards wind sector development in the State and create employment. The following incentives shall be applicable for new manufacturing facilities and equipment's, ancillaries related to wind power projects set up in the state after bifurcation with the approval of the investments by the Government of A.P.

- Priority allotment of Government land on long term lease basis
- Exemption from electricity duty for a period of ten(10) years for consumption of electricity from the first year of operation.
- Incentives as applicable as per the prevailing industrial promotion policies of the GoAP subject to provision of the separate budget by Energy Department for the same. The services of Single Desk Portal can be made available for time bound statutory clearances.
- Preference in wind power capacity allotment, Off take of power,
- Power Evacuation Connectivity and extending of banking facility for the wind power projects being developed by the manufacturers.

**12 Applicability of this Policy for wind power projects approved under earlier Policy**

This policy is applicable in respect of all wind power projects which are commissioned during the operative period of this policy in the State of Andhra Pradesh.

The projects which have completed more than 60 months period from the date of signing of agreement and also wind power capacities allotted and not entered into agreements within 60 months from the date of allotment will stand automatically cancelled as per the guidelines of MNRE vide Circular No. 51/9/2007-WE dated 20.06.2008 and the performance bank guarantees provided if any shall be invoked This will applicable of all projects except in respect of projects covered under various Project Implementation Agreements signed with Government of Andhra Pradesh/NREDCAP.

**13 Project Monitoring**

A "High Level Committee" constituted with the following members will monitor the progress of implementation of the Wind Power Policy:

1. Principal Secretary, Energy Department
2. Chairman and Managing Director, APTRANSCO
3. CMD of APDISCOMs
4. V.C.& Managing Director, NREDCAP( Member-Convener)
5. Representative of Indian Wind Turbine Manufacturers Association(IWTMA)
6. Representative of Indian Wind Power Association (IWPA)

(P.T.O.)

If any difficulty arises in giving effect to this policy, the High Level Committee is authorized to issue clarification as well as interpretation to such provisions, as may appear to be necessary for removing the difficultly either on its own motion or after hearing those parties who have represented.

**14 Mid-term Review**

State Government may undertake a Mid-term Review of this policy after a period of two years or as and when need arises in view of any technological breakthrough or to remove any inconsistency with Electricity Act 2003, rules and regulations made there under or any Government of India policy.

**15 Power to remove difficulties**

If any difficulty arises in giving effect to this policy, Energy Department is authorized to issue clarification as well as interpretation to such provisions, as may appear to be necessary for removing the difficulty either on its own motion or after hearing those parties who have represented for change in any provision.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

**AJAY JAIN**
**PRINCIPAL SECRETARY TO GOVERNMENT**

To
The Vice Chairman & Managing Director, NREDCAP, Tadepalli, Guntur.
The Chairman, APPCC, Vijayawada.
The Chairman & Managing Director, APTRANSCO, Vijayawada.
The Managing Director, APGENCO, Vijayawada.
The Secretary, APERC, Hyderabad.
The CMDs, of APSPDCL, Tirupathi / APEPDCL, Visakhapatnam.
All Collectors & District Magistrates in the state.
The Principal Secretary to Government, Revenue Department.
The Principal Secretary to Government, Industries Department.
The Principal Secretary to Government, EFS&T Department.
Copy to:
The Prl., Secretary to Hon'ble C.M.
The Principal Secretary to Govt., Finance (FMU-Energy,I&I ) Department.
The Secretary, LAW Dept.
The OSD to C.S.
The OSD to Minister (Energy).
The P.S. to Prl., Secretary, Energy, I&I Department.
The Adviser for Power Sector.
The GA( Cabinet ) Dept.
Sf/Sc( C.No.2584/ Power.II(2)/2014- Computer No.212428)

// FORWARDED : : BY ORDER //

SECTION OFFICER